Viacom Inc.
Form 10-K
November 14, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2013

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission File Number 001-32686

VIACOM INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**20-3515052**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification Number)**

1515 Broadway

New York, NY 10036

(212) 258-6000

(Address, including zip code, and telephone number,

including area code, of registrant s principal executive offices)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Class A Common Stock, $0.001 par value	NASDAQ Global Select Market
Class B Common Stock, $0.001 par value	NASDAQ Global Select Market

Securities Registered Pursuant to Section 12(g) of the Act:

None

(Title Of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

As of the close of business on March 29, 2013, the last business day of the registrant s most recently completed second fiscal quarter, there were 51,151,252 shares of the registrant s Class A common stock, par value $0.001 per share, and 435,394,194 shares of its Class B common stock, par value $0.001 per share, outstanding. The aggregate market value of Class A common stock held by non-affiliates as of March 29, 2013 was approximately $664.8 million (based upon the closing price of $63.06 per share as reported by the NASDAQ Global Select Market on March 28, 2013, the last trading day of the quarter). The aggregate market value of Class B common stock held by non-affiliates as of March 29, 2013 was approximately $26.6 billion (based upon the closing price of $61.48 per share as reported by the NASDAQ Global Select Market on March 28, 2013, the last trading day of the quarter).

As of November 6, 2013, 51,113,772 shares of our Class A common stock and 394,867,157 shares of our Class B common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Viacom Inc. s Notice of 2014 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, are incorporated by reference into this Annual Report on Form 10-K (Portion of Item 5; Part III).

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PART I

Item 1. ***Business.***

OVERVIEW

Viacom is a leading global entertainment content company that connects with audiences in over 160 countries and territories and creates compelling television programs, motion pictures, short-form video, applications (apps), games, consumer products, social media and other entertainment content. We operate through two reporting segments: *Media Networks* and *Filmed Entertainment*. References in this document to Viacom, Company, we, us and our mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

Media Networks

Our Media Networks segment provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers. We create, acquire and distribute programming and other content to our audiences across multiple platforms, which allows our audiences to engage and interact with our content in a variety of ways: through traditional cable and satellite distribution, on connected TVs, PCs, tablets and other mobile devices, and using apps, browsers and other interfaces.

Viacom Media Networks operates our media networks businesses through four brand groups: Music & Logo, Nickelodeon, Entertainment and BET Networks. Viacom Media Networks and its international operations reach approximately 700 million households in over 160 countries and territories worldwide via more than 200 locally programmed and operated TV channels which include MTV®, VH1®, CMT®, Logo®, BET®, CENTRIC®, Nickelodeon®, Nick Jr.®, TeenNick®, Nicktoons®, Nick at Nite®, Comedy Central®, TV Land®, SPIKE®, Tr3s®, Paramount Channel and VIVA , among others. Viacom Media Networks also has hundreds of online, mobile and app experiences.

Our *Media Networks* segment generates revenues from advertising sales, affiliate fees and ancillary revenues. Revenues from the *Media Networks* segment accounted for 69%, 65% and 61% of our revenues for the fiscal years 2013, 2012 and 2011, respectively, after the elimination of intercompany revenues.

Filmed Entertainment

Our *Filmed Entertainment* segment produces, finances, acquires and distributes motion pictures and other entertainment content under the Paramount Pictures®, Paramount Vantage®, Paramount Classics®, Insurge Pictures®, MTV Films® and Nickelodeon Movies brands. Paramount Pictures, which celebrated its 100th anniversary in 2012, is a major global producer and distributor of filmed entertainment and has a library consisting of approximately 3,400 motion pictures and a small number of television programs. Paramount distributes motion pictures theatrically and on DVDs and Blu-ray discs, television, digital and other platforms in the United States and internationally for itself and for third parties. In 2013, Paramount announced the creation of Paramount Television , a new television production division focused on developing programming for television and digital platforms.

Revenues from the *Filmed Entertainment* segment are generated primarily from the theatrical release and/or distribution of motion pictures, the subsequent release of motion pictures on Blu-ray discs and DVDs for home exhibition, and the television and digital licensing of motion pictures and other content for video-on-demand, subscription video-on-demand, pay and basic cable television, broadcast television, syndicated television, download-to-own and download-to-rent. Revenues from the *Filmed Entertainment* segment accounted for 31%, 35% and 39% of our revenues for fiscal years 2013, 2012 and 2011, respectively, after the elimination of intercompany revenues.

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Business Strategy

We develop and distribute television programming, motion pictures and other creative entertainment content to serve diverse audiences worldwide. We manage our global portfolio of brands with creativity, expertise and discipline to produce and distribute entertainment experiences across a wide variety of media platforms and engage consumers in many facets of their lives. With a strategic focus on content, we aim to:

- expand, enhance and evolve our brands worldwide by creating and acquiring popular content and other interactive experiences, building new networks and digital properties and innovating in other forms of entertainment;

- foster a creative, dynamic and diverse corporate culture that reflects the diverse audiences we serve and strengthens our position as a leader in entertainment for consumers around the world;

- invest wisely in content that fits our core businesses and brand portfolios, most significantly increasing the level of original programming inspired by our proprietary audience research and, complementing our brands, building our content library and driving multi-platform engagement;

- continue to innovate and refine the distribution of our content, capitalizing on and optimizing opportunities for linear, on-demand and interactive delivery through authenticated and free models, supported by subscription, transaction-based and/or advertising revenues, via cable, satellite and Internet delivery systems;

- expand our relationships with our advertising, cable, satellite, digital, mobile and licensing partners to develop new ways to deepen our connection with audiences through insightful research and the development of content that resonates with targeted audiences;

- fuel organic growth and expansion of our *Media Networks* and *Filmed Entertainment* businesses internationally by developing new brands and properties and launching new channels, connected experiences and consumer products with local, regional and multinational appeal;

- continue our focus on a streamlined film slate that emphasizes key branded and franchise films, including animated films, complemented by smaller productions and acquisitions, and that is guided by financial discipline and driven by innovative promotion and marketing;

- protect our vast collection of intellectual property from theft by providing compelling legitimate offerings as well as through technology solutions, communications, legal enforcement and other activities;

- drive efficiencies, execute strategies and maintain a strong financial position through operational discipline; and

- thereby generate significant long-term value for our stockholders.

Corporate Information

We were organized as a Delaware corporation in 2005 in connection with our separation from CBS Corporation, which was effective January 1, 2006. Our principal offices are located at 1515 Broadway, New York, New York 10036. Our telephone number is (212) 258-6000 and our website is www.viacom.com. Information included on or accessible through our website is not intended to be incorporated into this report.

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MEDIA NETWORKS

Viacom Media Networks operates our media networks businesses in the United States and internationally. The *Media Networks* segment is comprised of four brand groups Music & Logo, Nickelodeon, Entertainment and BET Networks that operate as Viacom Media Networks.

Media Networks Revenues

Our *Media Networks* segment generates revenues in three categories: (i) the sale of advertising related to our content and marketing services, (ii) affiliate fees from multichannel television service providers, including cable television operators, direct-to-home satellite television operators and telecommunications operators, subscription and advertising supported video-on-demand services, and other distributors of our programming and program services, and (iii) ancillary revenues, which include consumer products licensing, brand licensing, home entertainment sales and licensing of our programming, television syndication and casual gaming. In fiscal year 2013, advertising revenues, affiliate fees and ancillary revenues were approximately 50%, 44% and 6%, respectively, of total revenues for the *Media Networks* segment.

Advertising Revenues

The advertising revenues generated by our program services depend on the number of viewers and viewership demographics. For television, ratings and demographic information for advertising purposes are determined by third party research companies such as The Nielsen Company (US), LLC (Nielsen). For digital offerings, reach and demographic information for advertising purposes are derived from a combination of third- and first-party data.

Our media networks properties target key audiences attractive to advertisers. For example, MTV targets teen and young adult demographics, Nickelodeon targets kids and their families and BET targets African-American audiences. Demand and pricing for our advertising depend on our ratings and overall market conditions. We also drive additional demand through our integrated marketing services, providing unique branded entertainment and custom sponsorship opportunities to our advertisers.

We sell a certain amount of our advertising inventory on our program services in advance each year in the upfront market, and other inventory in the scatter market closer to the time a program airs. Upfront sales and pricing for each new cable broadcast year are largely established in our third fiscal quarter and reflected in advertising revenue principally beginning in the first quarter of our subsequent fiscal year as marketing plans are finalized and orders fulfilled to deliver advertising across various programs and dayparts. Pricing for our program services is established based on ratings (audience delivery), which may be guaranteed or on a fixed price per unit basis. For advertising sold based on ratings guarantees, audience deficiency may result in an obligation to deliver additional units, reducing inventory available for scatter sales. Scatter advertising is sold throughout the year at pricing reflecting market conditions at the time of sale, the volume of remaining units and anticipated ratings of our programs. To the extent we do not satisfy contracted audience ratings, we record a liability until such time that the audience rating has been satisfied.

For our digital business, we sell advertising inventory primarily based on actual served impressions. Our on-air programming drives traffic to our digital properties and vice versa, facilitating convergent, or cross-platform, advertising sales and related services. We also receive advertising revenue from sales of advertising inventory associated with third party content and websites.

Our advertising revenues may be affected by the strength of advertising markets and general economic conditions and may fluctuate depending on the success of our programming, as measured by viewership, at any given time. Audience measurement ratings may vary due to the timing of availability of new episodes of popular programming, success of our programming and performance of competing programs and other entertainment

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alternatives for viewers, as well as variations related to the methods used by third parties to measure ratings. Advertising revenues may also fluctuate due to seasonal variations, typically being highest in the first quarter of our fiscal year, and due to the timing of significant programming events, such as awards shows or premieres.

Affiliate Revenues

Our agreements with multichannel television service providers are generally multi-year carriage agreements with set rate increases that provide us with a reasonably stable source of revenues. The amount of the fees we receive is generally a function of the number of subscribers and the rates we receive per subscriber. Expirations of our affiliate agreements are staggered. Digital distribution agreements typically provide for one or more dates upon which each program becomes available for distribution on the digital platform. Revenue from these arrangements is recognized upon program availability and fluctuates depending on the initial availability of the programs licensed. We continue to create ways to build stronger and more expansive multimedia partnerships with the various distributors of our content in order to maximize the value of our content for us, our audience and our affiliate and digital partners, such as customized content offerings for authenticated apps and for subscription video-on-demand services.

Ancillary Revenues

Our ancillary revenues are principally derived from (i) consumer products and brand licensing, including the licensing of popular characters from our programs and digital properties for consumer products, video games and publishing, (ii) distribution of our programming in the home entertainment market through the licensing of content for download-to-own and download-to-rent services and the sale of copies of content on DVDs and Blu-ray discs, (iii) television syndication and (iv) casual gaming. Our ancillary revenues vary based on consumer spending, the popularity of our programming, volume of content available for sale during a particular period and acceptance of our or our partners products.

Media Networks Properties

Viacom Media Networks operates our media networks businesses through four brand groups based on target audience, similarity of programming and other factors: Music & Logo, Nickelodeon, Entertainment and BET Networks. Worldwide, Viacom Media Networks program services reached approximately 700 million households in over 160 countries and territories via more than 200 locally programmed and operated TV channels and hundreds of online, mobile and app experiences in September 2013. Viacom Media Networks online properties collectively averaged approximately 58 million unique visitors per month domestically during the quarter ended September 30, 2013.

Viacom Media Networks operates the international extensions of our multimedia brands MTV, VH1, Nickelodeon, Comedy Central and BET, as well as certain program services created specifically for international and/or non-English speaking audiences, through Viacom International Media Networks (VIMN).

Our most important media networks properties are discussed below. Unless otherwise indicated, the domestic television household numbers are according to Nielsen, the Internet user and video stream data is according to comScore Media/Video Metrix (U.S. data only unless otherwise indicated). International reach statistics are derived from internal data coupled with external sources when available.

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Music & Logo

The Music & Logo group includes our music, youth and young adult-oriented brands, content and services, which generally target varying portions of the 12-34 demographic, and Logo, our properties for gays, lesbians and their families and friends. Our principal properties in this group include:

MTV

MTV is a leading global brand, multimedia destination and content producer targeting the millennial generation, music fans and artists. MTV offers content built around compelling storytelling, music discovery and activism across television and social, connected and second screen experiences, including through its new TV Everywhere app, a three-in-one app offering subscribers full-length TV episodes. Distribution partners include linear cable and satellite distributors, as well as online and mobile distributors and distribution platforms such as iOS, Android, Xbox and Sony. In fiscal year 2013, VIMN acquired the remaining interest in the Italian joint venture that manages the MTV brand, and we now operate and wholly own the MTV channels in Italy. VIMN also took over the management and operation of the MTV channels in Brazil and Russia, which had previously been operated by licensees and are now also wholly-owned and operated by us, and expanded MTV in the Asia-Pacific region with the launch of MTV Thailand.

Programming highlights in fiscal year 2013 included hits such as *Catfish*, *Teen Mom*, *Teen Wolf*, *Ridiculousness* and *Awkward*; tentpole events such as the *2013 MTV Video Music Awards*, which were watched by approximately 13.4 million viewers domestically, and the *2013 MTV Movie Awards*, which were watched by approximately 5.1 million viewers domestically; and long-time favorite *The Real World.*

MTV reached approximately 99 million domestic television households in September 2013 and approximately 548 million households in more than 160 countries and territories worldwide via its 66 MTV branded channels. The MTV brand reaches many more households through branded programming blocks on third party broadcasters and through apps, streaming and download.

MTV s online, mobile and app experiences feature a diverse array of music, entertainment and pop culture content, including exclusive music performances, news, interviews, digital only tentpoles such as the annual *O Music Awards*, and other leading franchises such as *MTV News* and *Unplugged*. Each digital and mobile platform complements MTV s television programming and enhances audience engagement, including through social media interactions with cast members and access to exclusive content. MTV also has a number of branded apps, including *MTV* and *MTV News*. In the quarter ended September 30, 2013, MTV.com averaged approximately 9.4 million monthly unique visitors and 63.3 million content video streams each month. As of September 30, 2013, MTV had approximately 151 million Facebook fans across all MTV Facebook pages and approximately 15 million followers across all MTV accounts on Twitter, and MTV-branded apps had a total of approximately 4 million downloads.

MTV2

MTV2, MTV2.com and the MTV2 mobile app offer music and lifestyle destinations and experiences with content targeting male millennials aged 15 to 25 and featuring original music, live-action sports and irreverent lifestyle programming.

Programming highlights included comedy-based premieres such as *Nick Cannon s Wild N Out* and *Ain t That America*; original series *Mac Miller*, which premiered in fiscal year 2013, and *Guy Code*; and action sports and lifestyle programming such as *Nitro Circus Live.*

MTV2 reached approximately 82 million domestic television households in September 2013.

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VH1

VH1 features music and pop culture-driven content targeting adults aged 18-49, including a variety of original programming primarily focused on music artists, real life stories and celebrities.

Programming highlights included the *Love & Hip Hop* franchise, including *Love & Hip Hop: Atlanta*, as well as *Basketball Wives*, *Mob Wives*, *T.I. & Tiny: The Family Hustle* and the scripted series *Single Ladies* and *Hit the Floor*; tentpoles such as the *Do Something! Awards*; and core music offerings such as *Behind the Music*, *Storytellers*, *Unplugged* and *VH1 s Rock Docs.*

VH1 reached approximately 98 million domestic television households in September 2013.

VH1 s online, mobile and app experiences feature a diverse array of content centered on VH1 shows, music, pop culture and celebrities, including original series, exclusive events, music videos, live performances and news, and include VH1.com, VH1Classic.com, m.VH1.com, a second screen app called *Co-Star*, multiple blogs such as Tuner and VH1Blog and digital only franchises such as *Posted*. In the quarter ended September 30, 2013, VH1.com averaged approximately 2 million monthly unique visitors and 12 million content video streams each month.

VH1 Classic

Classic-themed network featuring music videos, documentaries, movies and concert footage from the 1960s, 1970s, 1980s and 1990s, as well as other music-themed programs.

Programming highlights included *That Metal Show* and *Behind the Music: Remastered*.

VH1 Classic reached approximately 62 million domestic television households in September 2013.

CMT

CMT is the leading television and digital destination for country music and related entertainment. CMT and its website, CMT.com, offer an unparalleled mix of music, news, live concerts and series and is the top resource for country music on demand.

Programming highlights included *Dog & Beth: On The Hunt*, *Redneck Island*, *Guntucky* and *My Big Redneck Vacation*; tentpole events such as the annual *CMT Music Awards*, *CMT Crossroads* and *CMT Artists of the Year*; and CMT s weekly franchise *CMT Insider*.

CMT reached approximately 92 million domestic television households in September 2013.

CMT s online, mobile and app experiences include the 24-hour music channel CMT Pure Country, CMT Mobile and CMT VOD, as well as apps such as *CMT Ultimate Fan* and *CMT Insider*. In the quarter ended September 30, 2013, CMT.com averaged approximately 1 million monthly unique visitors and 1.7 million content video streams each month.

Logo

Logo is a leading network for gays, lesbians and their families and friends, featuring a mix of original and acquired content, news and social networking.

Programming highlights included original programs such as *RuPaul s Drag Race, Felt* and *The NewNowNext Awards*, as well as acquired programs such as *Golden Girls*, *Will and Grace* and *Roseanne*.

Logo reached approximately 53 million domestic television households in September 2013.

Logo s online, mobile and app experiences include LogoTV.com, AfterEllen.com, AfterElton.com, DowneLink.com and NewNowNext.com. In the quarter ended September 30, 2013, LogoTV.com averaged approximately 972,000 monthly unique visitors and 1.9 million content video streams each month.

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Other key Music & Logo properties include mtvU, our on-air, online and on-campus network created by and for the college audience; MTV Films, MTV s motion picture brand; and PalladiaHD, a music-centric high definition television channel.

Nickelodeon

The Nickelodeon group provides high-quality entertainment and educational brands, content and services targeted to kids ages 2-17 and their families. Our principal properties in this group include:

Nickelodeon and Nick at Nite

Nickelodeon, now in its 34th year, is a diverse, global business and the destination for all things kids. The Nickelodeon cable television network has been the number-one-rated basic cable network for 18 consecutive years. Nickelodeon features original and licensed experiences for kids, delivered via a linear cable television network, video-on-demand, streaming and other connected experiences. Nick at Nite, which airs on the same cable channel as the Nickelodeon cable television network in the evening hours, primarily features licensed contemporary family comedies. Nickelodeon produces and distributes television programming worldwide, has a global consumer products business and offers a number of premium apps through the Nickelodeon Games Group (described further below) featuring its popular characters such as the *Teenage Mutant Ninja Turtles*, *Dora the Explorer* and *SpongeBob SquarePants*. In fiscal year 2013, VIMN launched extensions of the Nickelodeon channel in Serbia and Slovenia, and also acquired the remaining operational service functions in our Nickelodeon channel in Italy, which had previously been operated by a joint venture.

Nickelodeon programming highlights in fiscal year 2013 included hits such as *SpongeBob SquarePants*, *Sam & Cat*, *Sanjay & Craig*, *Fairly Odd Parents* and *Teenage Mutant Ninja Turtles*; tentpoles such as *The Kids Choice Awards*, *Worldwide Day of Play* and *The HALO Awards*; and game shows such as *Figure It Out.* Nick at Nite programming highlights included *Friends*, *George Lopez*, *My Wife and Kids*, *Yes Dear*, *Full House* and *The Nanny*.

Nickelodeon and Nick at Nite reached approximately 100 million domestic television households in September 2013. Nickelodeon s brands are seen globally in more than 550 million households across more than 130 territories, via more than 80 locally programmed channels and branded blocks.

Nick s online, mobile and app experiences include, among others, Nick.com, the online destination for all things Nickelodeon, featuring video streaming of Nick content and games. This year, Nickelodeon released its Emmy Award-winning *Nick App*, introducing a new way for kids to experience Nickelodeon and featuring short-form videos, games and full episodes through TV Everywhere authentication, as well as popular interactive features like the Do Not Touch button. In the quarter ended September 30, 2013, Nick.com averaged 5.7 million monthly unique visitors and 26.8 million content video streams each month. As of September 30, the Nick App had approximately 5 million downloads.

Nick Jr. and NickMom

Nick Jr. seeks to educate and entertain preschoolers, providing kids an opportunity to engage with characters they love while building their imaginations, gaining key cognitive and social-emotional skills and learning about the world around them. Nick Jr. includes a linear cable television network, video-on-demand, streaming and other connected experiences that offer parents and their kids entertaining and enriching activities geared toward their interests, ages and developmental levels. In fiscal year 2013, VIMN launched an extension of the Nick Jr. channel in France.

NickMom is a primetime comedy block for moms on the Nick Jr. channel featuring a mix of original long- and short-form programming, including talk shows, stand-up and sketch comedy and docu-series, delivered via a linear cable television network, video-on-demand, streaming and other connected experiences. NickMom was launched in the first quarter of the fiscal year, following the earlier launch of NickMom.com, a comedy and entertainment site featuring short-form video, photos, editorial pieces and games just for moms.

Nick Jr. programming highlights included *Bubble Guppies*, *Dora the Explorer*, *Peppa Pig*, *Tickety Toc* and *The Backyardigans*.

Nick Jr. reached approximately 77 million domestic television households in September 2013.

In the quarter ended September 30, 2013, NickJr.com averaged 3.7 million monthly unique visitors and NickMom.com averaged 2.8 million monthly unique visitors. NickJr.com had an average of 80.9 million content video streams each month.

TeenNick

TeenNick includes a linear cable television network, video-on-demand, streaming and other connected experiences exclusively for and about teens and tweens, and features original programming and award-winning series, with a focus on presenting an authentic teen experience.

Programming highlights included series and events such as *Degrassi: The Next Generation*, *House of Anubis* and *Life With Boys*, as well as Nickelodeon original hits like *Big Time Rush*, *iCarly* and *Victorious*.

TeenNick reached approximately 75 million domestic television households in September 2013.

TeenNick.com features the best episodes and clips of TeenNick shows, as well as games, quizzes and a vibrant user community. In the quarter ended September 30, 2013, TeenNick.com averaged 1.2 million monthly unique visitors and had an average of 2.8 million content video streams each month.

Nicktoons

Nicktoons is a leading cartoon destination targeting boys and featuring signature franchises such as *Dragon Ball Z Kai* and *Avatar: The Last Airbender*, as well as fan favorites such as *The Fairly OddParents* and *SpongeBob SquarePants*.

Programming highlights included series premieres of *Digimon Fusion* and *Yu-Gi-Oh! ZEXAL* and returning hits such as *NFL Rush Zone* and *Wild Grinders*.

Nicktoons reached approximately 69 million domestic television households in September 2013.

Nickelodeon Games Group

Nickelodeon develops and publishes mobile apps for its kids and family audiences, including apps distributed on Apple and Android platforms. Nickelodeon apps include top apps for preschoolers, leading the education category with the award-winning *Nick Jr. Draw and Play*, as well as *Umizoomi: Zoom Into Numbers*, *Dora Appisode: Perrito s Big Surprise* and *Bubble Guppies: Animal School Day*; hit game apps based on our hit shows like *SpongeBob Moves In* and *TMNT: Rooftop Run*; and apps based on original game characters such as *Scribble Hero*. As of September 30, 2013, Nickelodeon apps had a total of approximately 69 million downloads.

As part of its portfolio of gaming sites, Nickelodeon also operates the popular casual game website Addicting Games, which averaged 5.4 million monthly unique visitors in the quarter ended September 30, 2013.

Other Nickelodeon properties include Nickelodeon Movies, Nickelodeon s motion picture brand, under which Paramount released *Fun Size* in fiscal year 2013, and the Nickelodeon Animation Studio. In addition, Nickelodeon licenses its brands for hotels, cruises, live tours and other themed entertainment outlets and recreation experiences.

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Entertainment

The Entertainment group includes brands, content and services that generally target adult and male audiences. Our principal properties in this group include:

COMEDY CENTRAL

Comedy Central is the destination for all things comedy, featuring award-winning fake news programs, stand-up and sketch comedy, sitcoms and animated programming, delivered via a linear cable television network, video-on-demand, streaming and other connected experiences. Comedy Central also operates a live comedy touring business. In fiscal year 2013, VIMN launched an extension of the Comedy Central channel in Asia, and also acquired the remaining operational service functions in our Comedy Central channel in Italy, which had previously been operated by a joint venture.

Programming highlights in fiscal year 2013 included the Emmy® and Peabody® Award-winning series *The Daily Show with Jon Stewart*, *The Colbert Report* and *South Park*; *The Comedy Awards*, the annual multi-network, multi-platform event dedicated to honoring and celebrating the art of comedy; new original programming such as *Inside Amy Schumer* and *Drunk History*; favorites such as *Tosh.0*, *Futurama*, *The Jeselnik Offensive*, *Workaholics* and *Ugly Americans*; and specials such as *The Comedy Central Roast of James Franco*.

Comedy Central reached approximately 99 million domestic television households in September 2013.

Comedy Central s online, mobile and app experiences include Comedycentral.com, a leading online video platform featuring exclusive Comedy Central content; thedailyshow.com and Colbertnation.com, the official fan sites of *The Daily Show with Jon Stewart* and *The Colbert Report*; our interest in the official *South Park* website southparkstudios.com, which features the latest in *South Park* news and content; Jokes.com; and a number of premium apps such as *CC: Stand Up* and *Tosh.0*. In the quarter ended September 30, 2013, Comedycentral.com averaged 6.8 million monthly unique visitors and approximately 51.8 million content video streams each month. As of September 30, 2013, Comedy Central-branded apps had a total of approximately 5.7 million downloads.

SPIKE

SPIKE is a primarily male-oriented brand featuring a mix of original and acquired programming, sports series, specials, live events and movies delivered on a linear cable television network, on demand, online and via other connected experiences.

SPIKE programming highlights included new series such as *Tattoo Rescue* and *Tattoo Nightmares*; favorites such as *Bar Rescue*, *Ink Master*, *Impact Wrestling* and *Auction Hunters*; and tentpoles such as Spike s *Guys Choice Awards* and *One Night Only*. In fiscal year 2013, SPIKE debuted the first season of Bellator live events, which quickly became a fan favorite.

SPIKE reached approximately 99 million domestic television households in September 2013.

SPIKE s online properties include SPIKE.com, the online destination featuring SPIKE content, and apps such as *Bellator*. In the quarter ended September 30, 2013, Spike.com averaged approximately 1.2 million monthly unique visitors and 2.8 million content video streams each month. As of September 30, 2013, Spike-branded apps had a total of approximately 127,000 downloads.

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TV Land

TV Land features a mix of original programming, classic and contemporary TV shows, specials and iconic movies designed to appeal to the entertainment needs and attitudes of adults in their 40s and 50s.
Programming highlights included returning favorites such as Emmy-nominated *Hot in Cleveland* and *The Exes*, *The Soul Man*, *The King of Queens* and *Everybody Loves Raymond*.
TV Land reached approximately 97 million domestic television households in September 2013.
TV Land s online properties include TVLand.com, TV Land s premiere destination for consumers in their 40s and 50s. In the quarter ended September 30, 2013, TVLand.com averaged approximately 257,000 monthly unique visitors and 2.6 million content video streams each month.

Paramount Channel

Paramount Channel is a free-to-air, 24-hour movie channel available in Spain and France. VIMN continues to manage Paramount Channel s ongoing international expansion.
Programming highlights included *Star Trek*, *Paranormal Activity*, *American Beauty*, *A Beautiful Mind*, *Zoolander*, *Ferris Bueller s Day Off* and *The Godfather*.

Colors

Colors is a highly-rated Hindi-language general entertainment channel operated by our Viacom 18 joint venture.
Colors is available in India, the UK and Ireland, as well as in Canada and the U.S. as Aapka Colors.
Programming highlights included scripted series such as *Balika Vadhu*, *Uttaran* and *Madhubala* and other programs such as *Comedy Nights with Kapil*, *Bigg Boss* and *Jhalak Dikhla Ja*.

Other Entertainment properties include a variety of additional apps and online services.

BET Networks

BET Networks is a leading provider of entertainment brands, content and services targeted to African-American audiences and consumers of Black culture worldwide. Our principal properties in this group include the flagship BET channel, CENTRIC, BET Gospel and BET Hip Hop.

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BET

BET is the nation s leading television network providing entertainment, music, news and public affairs programming to African-American audiences. BET is a leading consumer brand in the urban marketplace with a diverse group of branded businesses, including BET, its core channel which focuses on young Black adults; BET Gospel, which features gospel music and spiritual programming; and BET Hip Hop, which spotlights hip hop music programming and performances.

BET programming highlights in fiscal year 2013 included premieres of scripted series *Real Husbands of Hollywood* and *Second Generation of Wayans*; returning favorites such as *The Game*, *106 & Park*, *Sunday Best* and *The Sheards*; and tentpoles such as the *BET Awards 13*, which was part of the BET Experience, BET s first-ever three-day weekend celebration of music, entertainment and Black culture, which was attended by more than 80,000 people, *BET Honors*, *Black Girls Rock*, *BET Hip Hop Awards*, the *Soul Train Awards* and the *Celebration of Gospel*.

BET reached approximately 92 million domestic television households in September 2013. According to internal data, BET Gospel and BET Hip Hop reached approximately 9 million and 400,000 domestic television households, respectively.

BET.com is a leading online destination for African-American audiences and offers users content and interactive features for news, music, community, culture and other areas tailored to the unique interests and issues of African-Americans. BET.com also provides interactive entertainment content for BET Networks program services. In the quarter ended September 30, 2013, BET.com averaged approximately 3 million monthly unique visitors.

CENTRIC

CENTRIC reflects the lifestyle of today s African-American and multicultural adult viewer, delivering a variety of music artists, along with culturally relevant movies, series, live performances, specials and reality programming.

CENTRIC programming highlights included *Soul Train*, *The Cosby Show*, *Mr. Box Office* and *First Family*.

CENTRIC reached approximately 52 million domestic television households in September 2013.

Other BET Networks properties include BET Mobile, which delivers music, gaming and video content to its target audiences on mobile devices and digital services across all major service providers.

Media Networks Competition

Our media networks generally compete with other widely distributed cable networks, the broadcast television networks and digital distributors. Our media networks compete for advertising revenue with other cable and broadcast television networks, connected outlets such as websites, apps, social media and other online experiences, radio programming and print media. Each programming service also competes for audience share with competitors programming services that target or include the same audience. For example, Nickelodeon s programming and services compete with other entertainment services for younger viewers; and BET competes with African-American oriented content on cable and broadcast networks, content delivered by digital distributors and other content that includes African-Americans in their audiences. We also compete with other cable networks for affiliate fees and distribution. Our networks compete with other content creators for directors, actors, writers, producers and other creative talent and for new program ideas and the acquisition of popular programming. Competition from these sources, other entertainment offerings and/or audience leisure time may affect our revenues.

FILMED ENTERTAINMENT

Our *Filmed Entertainment* segment produces, finances, acquires and distributes motion pictures and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Insurge Pictures, MTV Films and Nickelodeon Movies brands. In general, motion pictures produced, acquired and/or distributed by the *Filmed Entertainment* segment are exhibited theatrically domestically and internationally, followed by their release in various windows, through download-to-own, download-to-rent, DVDs and Blu-ray discs, video-on-demand, pay television and subscription video-on-demand, broadcast television, basic cable television and syndicated television and, in some cases, by other exhibitors such as airlines and hotels (the distribution windows).

In fiscal year 2013, the *Filmed Entertainment* segment released 13 films in the domestic theatrical market, including one distributed on behalf of DreamWorks Animation SKG, Inc. Paramount s film strategy focuses on a limited number of releases that represent a mix of key branded and franchise films and smaller productions, acquired films and distribution arrangements. Paramount releases certain of its films, including library product, in 3D format. Paramount s film slate is designed to represent a variety of genres, styles and levels of investment and risk with the goal of creating entertainment for both worldwide appeal and niche audiences. Paramount s in-house animation division is focused on producing high quality animated films and expects to release its first two theatrical films in 2015 and one theatrical film per year thereafter. Paramount has also created Paramount Television , a new television production division that is expected to draw on Paramount s extensive library of film franchises as well as develop original television programming. Paramount also focuses on developing innovative promotion and marketing approaches for its releases.

Filmed Entertainment Revenues

Our *Filmed Entertainment* segment generates revenues worldwide principally from: (i) the theatrical release and/or distribution of motion pictures, (ii) home entertainment, which includes sales of DVDs and Blu-ray discs relating to the motion pictures we release theatrically and direct-to-DVD, as well as content we distribute on behalf of Viacom and third parties, (iii) licensing of film exhibition rights to television services, including video-on-demand, subscription video-on-demand, pay and basic cable television, broadcast television and syndicated television and (iv) ancillary revenues from licensing of film exhibition rights to digital platforms, providing production services to third parties, primarily at Paramount s studio lot, licensing of its brands for consumer products and theme parks, and distribution of content specifically developed for digital platforms and game distribution. In fiscal year 2013, theatrical revenues, home entertainment revenues, television license fees and ancillary revenues were approximately 29%, 30%, 28% and 13%, respectively, of total revenues for the *Filmed Entertainment* segment.

Theatrical

Paramount releases films theatrically in domestic and international markets and generates revenues from audience ticket sales. In addition to the traditional 2D format, certain of Paramount s theatrical releases are made available in 3D and/or formatted for viewing on IMAX screens, tickets for which are generally sold at premium pricing. Each motion picture is a separate and distinct product with its revenues, and ultimate profitability, dependent upon many factors, among which audience response is of fundamental importance. The theatrical success of a motion picture is a significant factor in determining the revenues it is likely to generate in home entertainment sales and licensing fees during the various other distribution windows. Revenues from motion picture theatrical releases tend to be cyclical with increases during the summer months and around holidays, particularly in the first quarter of our fiscal year.

Home Entertainment

Home entertainment revenues are derived from the worldwide sales, marketing and distribution of DVDs and Blu-ray discs for filmed entertainment produced by Paramount and other Viacom brands, as well as content we

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distribute on behalf of third parties. Our home entertainment revenues may be affected by the number, timing and mix of home entertainment releases in any given period, consumer tastes and consumption habits, the prominence given by distributors and retailers to our releases compared to those of our competitors, and by overall economic conditions, including consumer preference for rental or purchase and trends in discretionary spending. While the physical home entertainment industry continues to experience softness as consumer spending migrates from purchases of physical product to consumption via digital formats, the rate of decline has slowed compared to prior years.

Television License Fees

Films produced, acquired or distributed by Paramount or our subsidiary DW Studios L.L.C. (DW Studios) are licensed around the world on a territory by territory basis, for a fee or on a revenue-sharing basis, to video-on-demand, subscription video-on-demand, pay and basic cable television, broadcast television and syndicated television. Revenue from the licensing of films for exhibition in television markets, when fees are fixed in advance, is recognized upon availability for airing by the licensee. Revenue for video-on-demand and similar arrangements are recognized as the films are exhibited based on end-customer purchases as reported by the distributor.

Our EPIX joint venture with Metro-Goldwyn-Mayer Studios Inc. (MGM Studios) and Lions Gate Films, Inc. (Lionsgate) provides a multi-platform premium entertainment service offering Paramount, Lionsgate, MGM Studios and certain third party films to cable, satellite, subscription video-on-demand and other subscribers through a premium pay television channel and television and digital video-on-demand services. EPIX delivers films from Paramount, Paramount Vantage, Insurge Pictures, MTV Films and Nickelodeon Movies released theatrically on or after January 1, 2008, from which Paramount derives licensing fees, and MGM Studios, United Artists and Lionsgate titles released theatrically on or after January 1, 2009.

Ancillary

Films produced, acquired or distributed by Paramount or DW Studios are also licensed around the world on a territory by territory basis, for a fee or on a revenue-sharing basis, to electronic sell-through, video-on-demand, subscription video-on-demand and other digital platforms, including Amazon, Netflix and iTunes. Revenue from digital license fees is recognized upon program availability and will fluctuate depending on the number and mix of available titles in any given territory.

Paramount provides production services to third parties, primarily at Paramount s studio lot. Paramount also licenses its brands for consumer products, themed restaurants, live stage plays, film clips and theme parks. Licensing revenues are typically derived from royalties based on the licensee s revenues, with an advance and/or guarantee against future expected royalties, and may vary based on the popularity of the brand or licensed product with consumers.

Paramount also develops original content for launch on digital distribution platforms worldwide, including made-for-digital content offered for sale and rent through third party online destinations and apps.

Motion Picture Production and Distribution

Paramount produces many of the motion pictures it releases. It also acquires films for distribution from third parties and distributes films on behalf of third parties. In some cases, Paramount co-finances or co-distributes certain motion pictures with third parties, including other studios. Paramount distributes some motion pictures worldwide, and for others, a third party may distribute a picture in certain territories. Paramount also enters into film financing arrangements from time to time under which third parties participate in the financing of the production costs of a film or slate of films, typically in exchange for a partial copyright interest.

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For domestic distribution, Paramount generally performs its own marketing and distribution services for theatrical and home entertainment releases. In the domestic pay television distribution window, Paramount s feature films initially theatrically released in the United States on or after January 1, 2008 are generally exhibited on EPIX. Paramount also distributes films domestically in the other distribution windows and on various digital platforms. Warner Bros. Home Entertainment Group (Warner Brothers) distributes certain physical DVD and Blu-ray discs relating to certain Paramount catalog titles.

In international markets, Paramount, through its international affiliates, generally distributes its motion pictures for theatrical release through its own distribution operations or, in some countries, through United International Pictures (UIP), a company that we and an affiliate of Universal Studios, Inc. (Universal) own jointly. Paramount distributes its theatrical releases through Universal in four territories and through Sony Releasing in one territory. Additionally, Paramount distributes Universal s motion pictures theatrically in one territory. Paramount also distributes Universal s home entertainment product in three territories, and Universal distributes Paramount s home entertainment product in two territories. In July 2013, Paramount and Twentieth Century Fox launched a joint venture to distribute their home entertainment product in Sweden, Denmark, Norway and Finland. Paramount s home entertainment group continues to assess other possibilities for further efficiencies in international markets.

Producing, marketing and distributing a motion picture can involve significant costs, and can also cause our financial results to vary depending on the timing of a motion picture s release. For example, marketing costs are generally incurred before and throughout the theatrical release of a film and, to a lesser extent, other distribution windows, and are expensed as incurred. Therefore, we typically incur losses with respect to a particular film prior to and during the film s theatrical exhibition, and profitability for the film may not be realized until well after its theatrical release. Therefore, the results of the *Filmed Entertainment* segment can be volatile as films work their way through the various distribution windows.

Paramount s key 2013 releases are discussed below.

Theatrical Releases. In fiscal year 2013, the *Filmed Entertainment* segment theatrically released in domestic and/or international markets *World War Z*, *Star Trek Into Darkness*, *G.I. Joe*: *Retaliation*, DreamWorks Animation s *Rise of the Guardians*, *Hansel and Gretel: Witch Hunters*, *Jack Reacher*, *Flight*, *Paranormal Activity 4*, *Pain and Gain* and *The Guilt Trip*, among others. Paramount s fiscal year 2014 slate is expected to include *Transformers: Age of Extinction*, *Teenage Mutant Ninja Turtles*, *The Wolf of Wall Street*, *Jack Ryan: Shadow Recruit*, *Anchorman: The Legend Continues*, *Noah*, *Paranormal Activity: The Marked Ones*, *Jackass Presents: Bad Grandpa* and *Nebraska*, among others.

Film Library. Paramount has an extensive library consisting of approximately 1,200 motion picture titles produced by Paramount and acquired rights to approximately 2,200 additional motion pictures and a small number of television programs. The library includes many Academy Award winners such as *Titanic*, *Braveheart*, *Forrest Gump*, *An Inconvenient Truth*, *There Will Be Blood* and such classics as *The Ten Commandments*, *Breakfast at Tiffany s* and *Sunset Boulevard*, as well as successful franchises such as *Transformers*, *Star Trek*, *Mission: Impossible*, *Indiana Jones* and *The Godfather.*

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Home Entertainment Releases. Key home entertainment releases in fiscal year 2013 included DreamWorks Animation s *Madagascar 3* and *Rise of the Guardians*, *World War Z*, *Star Trek Into Darkness*, *Jack Reacher*, *Flight*, *Hansel and Gretel: Witch Hunters* and *Paranormal Activity 4*, among others. Paramount also distributes home entertainment products for Nickelodeon, MTV, Comedy Central, BET and CBS.

Television Licensing. Key titles made available in fiscal year 2013 included DreamWorks Animation s *Madagascar 3*, *The Dictator*, Marvel s *The Avengers*, *Mission: Impossible Ghost Protocol*, *The Devil Inside* and *Hugo*, among others.

Digital Licensing and Entertainment. Paramount licenses its films worldwide to digital platforms. Paramount also develops and distributes original content for launch on digital distribution platforms worldwide, including the Emmy-nominated series *Burning Love* on Yahoo! TV. Key projects in fiscal year 2013 included giving movie fans access to sharing movie clips with friends through VooZoo on Facebook and offering a growing body of current and classic movies, and interactive gaming apps, through digital distribution sites like iTunes.

Key Agreements

In April 2013, Paramount and CBS extended the agreement under which Paramount distributes CBS s library of television and other content on DVD and Blu-ray disc on a worldwide basis until June 2015. The parties have the option to further extend the term under certain circumstances.

In October 2012, Paramount entered into an agreement effective January 1, 2013 with Warner Bros. for exclusive rights to physical DVD and Blu-ray disc distribution in North America of approximately 700 catalog titles from the Paramount film library, for which Paramount receives guaranteed and performance-based compensation. The initial term of the agreement is three years with extensions obtainable under certain circumstances. In addition, the agreement will make Paramount s UltraViolet film offerings available on a non-exclusive basis through Flixster, the Warner Bros. movie streaming and discovery service. Paramount retains all digital rights for its titles, including electronic sell-through, video-on-demand and subscription video-on-demand.

In January 2006, Paramount, DreamWorks and certain of their international affiliates entered into a seven-year agreement with DreamWorks Animation for certain exclusive distribution rights to, and home video fulfillment services for, the animated films produced by DreamWorks Animation, for which Paramount received certain fees. Paramount released a total of 14 DreamWorks Animation films under the agreement, including one in fiscal year 2013. The agreement expired on December 31, 2012. We continue to retain distribution rights to the films we distributed theatrically.

Filmed Entertainment Competition

Our *Filmed Entertainment* segment competes for audiences for its motion pictures and other entertainment content with the motion pictures and content released by other major motion picture studios and independent film producers, as well as with other forms of entertainment and consumer spending outlets. Our competitive position primarily depends on the number and quality of the films produced, their distribution and marketing success and public response. We also compete for creative talent, including producers, actors, directors and writers, and scripts for motion pictures, all of which are essential to our success. Our motion picture brands also compete with these studios and other producers of entertainment content for distribution of motion pictures through the various distribution windows (such as television and home video) and on digital platforms.

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SOCIAL RESPONSIBILITY

Viacom is committed to acting responsibly and proactively in the global community. Our social responsibility is an integral part of our day-to-day operations and is inextricably linked to our core business. Our commitment to social responsibility leverages the power of our brands and the strength of our audience relationships to drive action on the issues that are most important to our partners, employees, audiences, shareholders and communities alike. Viacom s social responsibility initiatives live within Viacommunity, the umbrella for Viacom s companywide commitment to its communities. Impact initiatives and community efforts are driven by the Viacom Corporate Responsibility Council (VCRC), comprised of leaders across every brand who shape the Company s social efforts and numerous pro-social partnerships around the globe.

Viacom engages, inspires and empowers audiences with a vast array of programs in the areas of education, health and wellness, the environment and citizenship. A full list of and detailed information about each of our social responsibility initiatives is available at www.viacommunity.com. Following are just a few examples:

Get Schooled
In partnership with Viacom, Get Schooled leverages the power of pop culture to inspire and empower students to graduate from high school and succeed in college.

MTV Staying Alive Foundation
Viacom International Media Networks Emmy Award-winning MTV Staying Alive Foundation engages in fighting the stigma, spread and threat of the HIV and AIDS epidemic through inspiring grantee projects around the world.

A Thin Line
MTV s A Thin Line works to empower youth to identify, respond to and stop the spread of digital abuse in their lives and among their peers.

VH1 Save The Music Foundation
The VH1 Save the Music Foundation is a non-profit organization dedicated to restoring instrumental music education in America's public schools, and raising awareness about the importance of music as part of each child's complete education.

CMT One Country
CMT One Country harnesses the collective power of individual actions, promoting civic partnership and inspiring CMT viewers to bring about important change in their communities.

Nickelodeon s The Big Help
Nickelodeon s The Big Help engages kids to make a difference in the world by moving their bodies and minds to impact their communities and planet, through events such as its annual Worldwide Day of Play.

Comedy Central Address the Mess
Comedy Central s Address the Mess educates the Comedy Central audience about the problems of pollution and provides practical ways to help.

Hire a Veteran
SPIKE s Hire a Veteran provides tools to help veterans transition to the civilian workforce and salutes companies that provide opportunities to veterans.

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Rap-It-Up

BET s Emmy Award-winning Rap-It-Up informs, educates and empowers African-American men and women about HIV/AIDS.

Green. It s Paramount to Us.

Paramount s Green. It s Paramount to Us. encourages eco-friendly behavior and business practices in the workplace.

REGULATION AND PROTECTION OF OUR INTELLECTUAL PROPERTY

We are fundamentally a media content company, so the trademark, copyright, patent and other intellectual property laws that protect our brands and entertainment content are of paramount importance to us. See the section entitled INTELLECTUAL PROPERTY below for more information on our brands. Our businesses and the intellectual property they create or acquire are subject to and affected by laws and regulations of U.S. federal, state and local governmental authorities, and our international rights and operations are subject to laws and regulations of local countries and pan-national bodies such as the European Union (EU). The laws and regulations affecting our businesses are constantly subject to change as are the protections that those laws and regulations afford us. The discussion below does not describe all present and proposed laws and regulations affecting our businesses and other factors could arise or increase in importance.

Certain Regulations Affecting Media Networks

Net Neutrality

In December 2010, the Federal Communications Commission (the FCC) adopted net neutrality rules that, subject to certain exceptions, prohibit broadband Internet Service Providers (ISPs) from blocking lawful content, applications, services and devices, and prohibit certain kinds of discrimination against lawfully transmitted content. Under the rules, ISPs are not prohibited from taking action to address unlawful activity such as copyright theft (see more on copyright theft below). The rules took effect on November 20, 2011, though the anti-discrimination provisions are being challenged in litigation brought by certain ISPs in the United States Court of Appeals for the District of Columbia Circuit. If such anti-discrimination rules were to be struck it could affect our costs associated with streaming content to consumers, as cable programmers and other last mile ISPs could charge for the use of bandwidth.

Children s Programming

Since 1990, federal legislation and FCC rules have limited the amount and content of commercial matter that may be shown on cable channels during programming designed for children 12 years of age and younger. In 2006, the FCC amended its rules to limit the display of certain commercial website addresses during children s programming. Some U.S. policymakers have sought limitations on food and beverage marketing in media popular with children and teens. In April 2011, the federal Interagency Working Group on Food Marketed to Children requested comment on proposed nutritional restrictions for food and beverage marketing directed to children and teens. The proposed guidelines were not finalized. In 2013, the White House hosted a summit to encourage voluntary efforts to limit food marketing to children. If these or other similar guidelines are implemented by food and beverage marketers, they could have a negative impact on our *Media Networks* advertising revenues, particularly for our networks with programming targeted to children and teens. OFCOM, the UK s independent regulator and competition authority for the UK communications industries, has restricted television advertising for foods and drinks high in fat, salt and sugar in and around programming of significant appeal to children and teens ages 15 years and under. Other governments are considering or have already implemented restrictions similar to those in the UK, including Ireland, Peru, Chile, Brazil, Mexico, Singapore and Australia.

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Children s Privacy

Various other laws and regulations intended to protect the interests of children are applicable to our businesses, including measures designed to protect the privacy of minors online. The U.S. Children s Online Privacy Protection Act (COPPA) limits the collection of personal information online from children under 13 years of age by operators of websites or online services. Effective July 1, 2013, the Federal Trade Commission adopted revisions to COPPA to clarify the scope of the regulation in an effort to further strengthen its protections. We have been required to limit some functionality on our websites and apps as a result of these regulations. Such regulations also limit the types of advertising we are able to sell on these sites and apps, which could affect advertising demand and pricing. State and federal policymakers are also considering regulatory and legislative methods to protect consumer privacy on the Internet, and these efforts have focused particular attention on children and teens.

Program Access

Under the U.S. Communications Act of 1934, as amended (the Communications Act), vertically integrated cable programmers are generally prohibited from entering into exclusive distribution arrangements or offering different prices, terms or conditions to competing multichannel video programming distributors unless the differential is justified by certain permissible factors set forth in the regulations promulgated by the FCC. Our wholly owned program services are not currently subject to the program access rules. Because we and CBS Corporation are under common control, each company s businesses, as well as the businesses of any other commonly controlled company, may be attributable to the other companies for purposes of the program access rules, and therefore the businesses and conduct of CBS Corporation could have the effect of making us subject to the rules. If we were to become subject to the program access rules, our flexibility to negotiate the most favorable terms available for our content and our ability to offer cable television operators exclusive programming could be adversely affected.

Territorial Licensing in the European Union, and Consultation on EU Copyright Directive Review

In October 2011, the Court of Justice of the European Union (CJEU) found that the UK Football Association Premier League s exclusive territorial licenses granted to broadcasters were contrary to EU law (including the EU competition rules) because they contained clauses that partitioned national markets by conferring absolute territorial protection. While the decision was limited to sports programming (soccer games), which the CJEU held not to be copyrightable matter, it may provide encouragement to European regulators who want to attempt to expand the impact of the ruling from non-copyrightable works to apply equally to copyrightable works, such as film and television productions. If, in the future, European regulators were to limit or preclude EU country-by-country licensing of content, our existing and future licensing practices in the EU for both our Media Networks and Filmed Entertainment segments could be affected.

In February 2013, the European Commission began a review of licensing practices among the media and telecommunications industries known as the Licences for Europe Consultation in an effort to stimulate discussion and proposed alternatives in the areas of cross-border access and the portability of services, user-generated content and licensing for small-scale users of protected material, audiovisual sector and cultural heritage institutions, and text and data mining for scientific research purposes. Viacom is participating in these discussions and serves as an industry representative in the discussion focused on cross-border access and the portability of services. The European Commission s review is expected to continue through the end of 2013.

The outcome of the Licences for Europe Consultation, along with a European Commission study into the economics underpinning territorial distribution, will inform the European Commission s forthcoming consultation on whether to open the EU Copyright Directive for formal review. New exceptions and limitations to copyright are also under consideration. The consultation is expected to be published in the first half of 2014.

Certain Regulations Affecting Filmed Entertainment

In addition to the possible impact of the October 2011 CJEU decision on territorial licensing in the EU discussed in the preceding section, numerous countries around the world impose restrictions on the number and nature of

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films that may be distributed in that country. Such regulations in China have the greatest impact, as only 34 foreign films can be distributed annually on a revenue share basis based on box office performance. Those films are selected by relevant authorities in China (the quota was raised in 2012 from 20 films to 34 films as part of a settlement of ruling by the World Trade Organization).

Protecting our Content from Copyright Theft

The unauthorized reproduction, distribution or exhibition of copyrighted material interferes with the market for copyrighted works and disrupts our ability to create, distribute and monetize our content. The theft of motion pictures, television and other entertainment content presents a significant challenge to our industry, and we take a number of steps to address this concern. Where possible, we make use of technological protection tools, such as encryption, to protect our content. We are actively engaged in enforcement and other activities to protect our intellectual property, including monitoring online destinations that distribute our content and sending takedown notices in appropriate circumstances; using filtering technologies employed by some user-generated content sites; and pursuing litigation and referrals to law enforcement against websites and online services that distribute or facilitate the distribution of our content without authorization. We also are actively engaged in educational outreach to the creative community, labor unions, state and federal government officials and other stake holders in an effort to marshal greater resources to combat copyright theft. Additionally, we participate in various industry-wide enforcement initiatives, public relations programs and legislative activity on a worldwide basis.

Notwithstanding these efforts and the many legal protections that exist to combat piracy, the proliferation of content theft and technological tools with which to carry it out continue to escalate. The failure to obtain enhanced legal protections and enforcement tools could make it more difficult for us to adequately protect our intellectual property, which could negatively impact its value and further increase the costs of enforcing our rights as we continue to expend substantial resources to protect our content.

INTELLECTUAL PROPERTY

We create, own and distribute intellectual property worldwide. It is our practice to protect our motion pictures, programs, content, brands, characters, games, publications and other original and acquired works, and ancillary goods and services. The following brands, logos, trade names, trademarks and related trademark families are a few of those strongly identified with the product lines they represent and are significant assets of the Company: Viacom®, MTV®, MTV2®, mtvU®, VH1®, VH1 Classic , CMT®, Palladia®, Logo®, Nickelodeon®, Nick Jr.®, TeenNick®, Nicktoons®, Nick at Nite®, NickMom , Comedy Central®, TV Land®, SPIKE®, BET Networks®, BET®, CENTRIC®, BET Gospel®, BET Hip Hop®, BET.com®, BET Mobile®, Tr3s®, VIVA , Paramount Channel , Paramount Pictures®, Paramount Vantage®, Paramount Classics®, Insurge Pictures®, MTV Films®, Nickelodeon Movies , Paramount Animation , Paramount Television and other domestic and international program services and digital properties.

EMPLOYEES AND LABOR MATTERS

As of September 30, 2013, we employed approximately 10,000 full-time and part-time employees worldwide, and had approximately 350 additional project-based staff on our payroll. We also use many other temporary employees in the ordinary course of our business.

We engage the services of writers, directors, actors and other employees who are subject to collective bargaining agreements. The expiration date for the collective bargaining agreement with the Writers Guild of America is May 1, 2014. The expiration date for the collective bargaining agreements with each of the Directors Guild of America, Inc. and the Screen Actors Guild (now SAG-AFTRA) is June 30, 2014. Negotiations with the three different Guilds will occur in the upcoming months. Any labor dispute with the organizations that represent these parties could disrupt our operations and reduce our revenues.

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FINANCIAL INFORMATION ABOUT SEGMENTS AND FOREIGN AND DOMESTIC OPERATIONS

Financial and other information by reporting segment and revenues by geographic area for fiscal years 2013, 2012 and 2011 are set forth in Note 16 to our Consolidated Financial Statements.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy and information statements and other information with the Securities and Exchange Commission (the SEC). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with or furnished to the SEC pursuant to the Securities Exchange Act of 1934, as amended, will be available free of charge on our website at www.viacom.com (under Investor Relations) as soon as reasonably practicable after the reports are filed with the SEC. These documents are also available on the SEC s website at www.sec.gov.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including Item 7. Management s Discussion and Analysis of Results of Operations and Financial Condition, contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause future results, performance or achievements to differ. These risks, uncertainties and other factors are discussed in Item 1A. Risk Factors below. Other risks, or updates to the risks discussed below, may be described in our news releases and filings with the SEC, including but not limited to our reports on Form 10-Q and Form 8-K. The forward-looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 1A. *Risk Factors.*

A wide range of risks may affect our business and financial condition and results of operations, now and in the future. We consider the risks described below to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

Our Success is Dependent upon Measured Audience Acceptance of our Brands, Programming, Motion Pictures and Other Entertainment Content, which is Difficult to Predict

The production and distribution of programming, motion pictures and other entertainment content is inherently risky because the revenues we derive from various sources primarily depend on our content s acceptance by the public, which is difficult to predict. Audience tastes change frequently and it is a challenge to anticipate what offerings will be successful at a certain point in time. In addition, the quality and acceptance of competing entertainment content, increasing online, mobile and app offerings, availability of alternative forms of entertainment and leisure time activities, piracy and general economic conditions affect the audience for our content.

In our *Media Networks* business, our advertising revenues typically are a product of audience size and pricing, which reflect market conditions. Depending on the success of our programming at any given time, one or more of our cable networks can experience ratings fluctuations that negatively affect our advertising revenues. Low audience ratings can also negatively affect the affiliate fees we receive and/or limit a network s distribution potential. In addition, consumer acceptance of our brands and programming has a significant impact on the revenues we are able to generate from consumer products, home entertainment and other licensing activities. Similarly, the acceptance of our brands and programs internationally impacts our success, including our ability to expand our presence abroad.

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In our *Filmed Entertainment* business, the theatrical performance of a motion picture affects not only the theatrical revenues we receive but also those from other distribution channels, such as home entertainment, television, digital and licensed consumer products. Consumer acceptance of our brands, entertainment content and retail offerings is key to the success of our business and our ability to generate revenues.

Changes in Consumer Behavior Resulting from New Technologies and Distribution Platforms May Affect Our Viewership and Profitability in Unpredictable Ways

Technology and business models in our industry continue to evolve rapidly. New consumer behaviors related to changes in content distribution affect our economic model and viewership in ways that are not entirely predictable.

In addition, consumers are increasingly viewing content on a time-delayed or on-demand basis from traditional distributors, and from connected apps and websites and on a wide variety of screens, such as televisions, tablets, mobile phones and other devices. There is increased demand for short-form, user-generated and interactive content, which have different economic models than our traditional content offerings. Digital downloads, rights lockers, rentals and subscription services are competing for consumer preferences with each other and with traditional physical distribution of DVDs and Blu-ray discs. Each distribution model has different risks and economic consequences for us so the rapid evolution of consumer preferences has economic consequences that are not completely predictable. Distribution windows are also evolving, potentially affecting revenues from other windows.

New technologies and distribution platforms are having other effects on the marketplace. For example, some distributors have gained, or may gain, market power, which could affect our ability to maximize the value of our content through those platforms. Some distributors have taken positions that they have more expansive rights than we believe we have granted, which, if they prevail, could limit our revenue opportunities and our ability to control distribution to maximize revenue and profitability. All of these factors create uncertainty in the marketplace, and there can be no assurance that the strategies we develop to address them will be effective.

Our Businesses Operate in Highly Competitive Industries

Companies in the cable networks, motion picture and digital industries depend on audience acceptance of content, appeal to advertisers and solid distribution relationships. Competition for content, audiences, advertising and distribution is intense and comes from broadcast television, other cable networks, online and mobile properties, movie studios and independent film producers and distributors, among other entertainment outlets, as well as from search, program guides and second screen applications. Competition also comes from pirated content.

Our ability to compete successfully depends on a number of factors, including our ability to create or acquire high quality and popular programs and films, adapt to new technologies and distribution platforms, and achieve widespread distribution for our content. More content consumption options increase competition for viewers as well as for programming and creative talent which can decrease our audience ratings, and therefore potentially our advertising revenues, as well as increase our costs. In addition, our competitors include market participants with interests in multiple media businesses which are often vertically integrated, whereas our *Media Networks* businesses generally rely on distribution relationships with third parties. As more cable and satellite operators, ISPs and other content distributors, aggregators and search providers create or acquire their own content, they may have significant competitive advantages, which could adversely affect our ability to negotiate favorable terms or otherwise compete effectively in the delivery marketplace. Our competitors could also have preferential access to important technologies, customer data or other competitive information. There can be no assurance that we will be able to compete successfully in the future against existing or potential competitors, or that competition will not have a material adverse effect on our business, financial condition or results of operations.

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Theft of Our Content, Including Digital Copyright Theft and Other Unauthorized Exhibitions of Our Content, May Decrease Revenue Received from Our Programming, Motion Pictures and Other Entertainment Content and Adversely Affect Our Businesses and Profitability

The success of our businesses depends in part on our ability to maintain and monetize our intellectual property rights to our entertainment content. We are fundamentally a content company and theft of our brands, motion pictures and home entertainment product, television programming, digital content and other intellectual property has the potential to significantly affect us and the value of our content. Copyright theft is particularly prevalent in many parts of the world that lack effective copyright and technical protective measures similar to those existing in the United States and/or that lack effective enforcement of such measures. The interpretation of copyright, privacy and other laws as applied to our content, and our piracy detection and enforcement efforts, remain in flux, and some methods of copyright enforcement have encountered political opposition. The failure to strengthen and/or the weakening of existing intellectual property laws could make it more difficult for us to adequately protect our intellectual property and negatively affect its value.

Content theft is made easier by the wide availability of higher bandwidth and reduced storage costs, as well as tools that undermine encryption and other security features and enable infringers to cloak their identities online. In addition, we and our numerous production and distribution partners operate various technology systems in connection with the production and distribution of our programming and motion pictures, and intentional or unintentional acts could result in unauthorized access to our content. The increasing use of digital formats and technologies heightens this risk. Unauthorized access to our content could result in the premature release of motion pictures or television shows as well as a reduction in legitimate audiences, which are likely to have significant adverse effects on the value of the affected programming.

Copyright theft has an adverse effect on our business because it reduces the revenue that we are able to receive from the legitimate sale and distribution of our content, undermines lawful distribution channels and inhibits our ability to recoup or profit from the costs incurred to create such works. We are actively engaged in enforcement and other activities to protect our intellectual property, and it is likely that we will continue to expend substantial resources in connection with these efforts. Efforts to prevent the unauthorized reproduction, distribution and exhibition of our content may affect our profitability and may not be successful in preventing harm to our business.

Global Economic Conditions May Have an Adverse Effect on Our Businesses

Economic conditions affect a number of aspects of our businesses worldwide, in particular revenues in both domestic and international markets derived from advertising sales, theatrical releases, home entertainment sales, television licensing and sales of consumer products. Economic conditions can impact the businesses of our partners who purchase advertising on our networks and reduce their spending on advertising. They can also negatively affect the ability of those with whom we do business to satisfy their obligations to us. In addition, increased unemployment and declines in consumer spending can reduce sales of our retail products. General worsening of current global economic conditions could adversely affect our business, financial condition or results of operations, and worsening of economic conditions in certain parts of the world, specifically, could impact the expansion and success of our businesses in such areas.

Advertising Market Conditions Could Cause Our Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets

We derive substantial revenues from the sale of advertising on a variety of platforms, and a decline in advertising expenditures could have a significant adverse effect on our revenues and operating results in any given period. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers current spending priorities and the economy in general, and this may adversely affect the growth rate of our advertising revenues.

In addition, the pricing and volume of advertising may be affected by shifts in spending toward online and mobile offerings from more traditional media, or toward new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods.

Advertising sales are dependent on audience measurement, and the results of audience measurement techniques can vary independent of the size of the audience for a variety of reasons, including variations in the employed statistical sampling methods. While Nielsen s statistical sampling method is the primary measurement technique used in our television advertising sales, we measure and monetize our campaign reach and frequency on and across digital platforms based on other third-party data using a variety of methods including the number of impressions served and demographics. In addition, multi-platform campaign verification is in its infancy, and viewership on tablets and smartphones, which is growing rapidly, is presently not measured by any one consistently applied method. These variations and changes could have a significant effect on advertising revenues.

Advertising expenditures may also be affected by political, social or technological change. For example, Federal legislators and regulators have proposed voluntary guidelines on advertising to children in an effort to combat unhealthy eating and childhood obesity, and have considered imposing limitations on the marketing of certain movies and regulating product placement and other program sponsorship arrangements. The threat of regulatory action or increased scrutiny has deterred certain advertisers from advertising on our networks and this effect could worsen.

Increased Costs for Programming, Motion Pictures and Other Rights, as Well as Judgments We Make on the Potential Performance of our Content, May Adversely Affect Our Profits and Balance Sheet

In our *Media Networks* segment, we have historically produced a significant amount of original programming and other content and continue to invest in this area. The *Filmed Entertainment* segment s core business involves the production, marketing and distribution of motion pictures, the costs of which are significant. We also acquire programming, motion pictures and television series, as well as a variety of digital content and other ancillary rights such as consumer and home entertainment product offerings from other companies, and we pay license fees, royalties or contingent compensation in connection with these acquired rights. Our investments in original and acquired programming are significant and involve complex negotiations with numerous third parties. These costs may not be recouped when the content is broadcast or distributed and higher costs may lead to decreased profitability or potential write-downs. Further, rapid changes in consumer behavior have increased the risk associated with acquired programming, which typically is acquired pursuant to multi-year agreements.

The accounting for the expenses we incur in connection with our programming, motion pictures and other content requires that we make judgments about the potential success and useful life of the program or motion picture. If our estimates prove to be incorrect, we may be forced to accelerate our recognition of the expense and/or write down the value of the asset. For example, we estimate the ultimate revenues of a motion picture before it is released based on a number of factors. Upon a film s initial domestic theatrical release and performance, we update our estimate of ultimate revenues based on actual results. If it is not received favorably, we may reduce our estimate of ultimate revenues, thereby accelerating the amortization of capitalized film costs. Similarly, if we determine it is no longer advantageous for us to air a program on our networks, we would accelerate our amortization of the program.

An increase in content acquisition costs could also affect our profits. For example, we license various music rights from the major record companies and music publishers, performing rights organizations and others. Some of these sources of music are highly consolidated and certain music costs are subject to adjudicatory procedures in courts or administrative agencies. There can be no assurance that our cost-containment efforts will be as effective as we would like or that we will recoup our investments in programming or motion pictures, which may negatively affect our profitability.

Our Revenues, Expenses and Operating Results May Vary Based on the Timing, Mix, Number and Availability of Our Motion Pictures and Other Programming and on Seasonal Factors

Our revenues, expenses and operating results fluctuate due to the timing, mix, number and availability of our theatrical motion pictures, home entertainment releases and programs for licensing. For example, our operating results may increase or decrease during a particular period due to differences in the number and/or mix of films released compared to the corresponding period in the prior year and the timing of delivery of programming to television and digital distributors. Our operating results also fluctuate due to the timing of the recognition of marketing expenses, which are typically largely incurred prior to the release of motion pictures and home entertainment product, with the recognition of related revenues in later periods.

Our business also has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns and seasonal influences on audiences viewing habits and attendance. Typically, our revenue from advertising increases in the first quarter of our fiscal year due to the holiday season, among other factors, and revenue from motion pictures increases in the summer and around holidays. The effects of these variances make it difficult to estimate future operating results based on the results of any specific quarter.

Changes in U.S. or Foreign Communications Laws, Laws Affecting Intellectual Property Rights or Other Regulations May Have an Adverse Effect on Our Business

Our program services and online, mobile and app properties are subject to a variety of laws and regulations, including those relating to intellectual property, content regulation, user privacy, data protection and consumer protection, among others. For example, there are various laws and regulations intended to protect the interests of children, including limits on the amount and content of advertising that may be shown during children s programming and measures designed to protect the privacy of minors, which affect our Nickelodeon businesses in particular. In addition, the U.S. Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could directly or indirectly affect the operations or ownership of our U.S. media properties. For example, if our programming services are required to be offered on an á la carte or tiered basis, we could experience high costs, reduced distribution of our program services, perhaps significantly, and loss of viewers on some or all of our channels. Further, Congress has initiated hearings to consider significant changes in copyright law. Our businesses could be affected by any such new laws and regulations, or the threat that additional laws or regulations may be forthcoming.

In addition, the interpretation of existing laws by courts and regulators can have a significant effect on our business. Our businesses are also impacted by the laws and regulations of the foreign jurisdictions in which we, or our partners, operate, including quotas, tax regimes and currency restrictions. We could incur substantial costs to comply with new laws and regulations or substantial penalties or other liabilities if we fail to comply. We could also be required to change or limit certain of our business practices, which could impact our ability to generate revenues. Laws in some non-U.S. jurisdictions differ in significant respects from those in the United States, and the enforcement of such laws can be inconsistent and unpredictable. This could impact our ability to expand our operations and undertake activities that we believe are beneficial to our business.

Changes to our Business Could Result in Future Costs or Charges

We periodically adjust our business strategy in response to particular events and circumstances, including the business environment, industry changes, technological developments, competitive factors and economic conditions. In connection with the implementation of new strategies, we may decide to restructure certain of our operations, businesses or assets, and there can be no assurance that these actions will not be disruptive to our ordinary business activities. In addition, external events, such as changes in macro-economic conditions, conditions in our markets or increases in costs, could reduce our revenues and negatively affect the value of our

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assets. Such events could result in restructuring and other charges, including the impairment of certain assets, programming write-downs and/or the incurrence of additional costs.

The Loss of Affiliation Agreements, Renewal on Less Favorable Terms or Adverse Interpretations Could Cause Our Revenues to Decline in Any Given Period or in Specific Markets

We are dependent upon our affiliation agreements with cable television, direct-to-home satellite television and telecommunications operators, subscription and advertising supported video-on-demand services, and other distributors of our programming and program services. We have agreements in place with the major cable and satellite distributors and online content distributors, but there can be no assurance that these agreements will be renewed in the future on terms, including pricing, acceptable to us. The loss of a significant number of these arrangements, or the loss of carriage on the most widely available cable and satellite programming tiers, could reduce the distribution of our programming and program services and decrease the potential audience for our programs, thereby negatively affecting our growth prospects and revenues from advertising and affiliate fees. In addition, as these affiliate agreements have grown in complexity, the number of disputes regarding the interpretation of the agreements has grown, resulting in greater uncertainty and, from time to time, costly litigation to enforce our rights.

The Loss of Key Talent Could Disrupt Our Business and Adversely Affect Our Revenues

Our business depends upon the continued efforts, abilities and expertise of not only our corporate and divisional executive teams, but also the various creative talent and entertainment personalities we engage. For example, we employ or contract with several entertainment personalities with loyal audiences and we produce motion pictures with highly regarded directors, producers, writers, actors and other talent. These individuals are important to achieving the success of our programs, motion pictures and other content. There can be no assurance that these individuals will remain with us or will retain their current appeal, or that the costs associated with retaining talent will be reasonable. If we fail to retain these individuals on current terms or if our entertainment personalities lose their current appeal, our revenues and profitability could be adversely affected.

We Could Be Adversely Affected by Strikes and Other Union Activity

We and our suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. The expiration date for the collective bargaining agreement with the Writers Guild of America is May 1, 2014, and the expiration date for the collective bargaining agreements with each of the Directors Guild of America, Inc. and SAG-AFTRA is June 30, 2014. Negotiations with the three Guilds will occur in the upcoming months. Any labor disputes may disrupt our operations and reduce our revenues, and we may not be able to negotiate favorable terms for a renewal, which could increase our costs.

International Political and Economic Risks Could Harm Our Financial Condition

Our businesses operate and have customers and partners worldwide, and we are focused on expanding our international operations in key markets, some of which are emerging markets. Inherent risks of doing business in international markets include, among other risks, changes in the economic environment, export and market access restrictions, censorship, currency exchange controls and/or fluctuations, taxation rules and procedures, tariffs or other trade barriers, permit requirements, longer payment cycles, corruption and, in some markets, increased risk of political instability. In particular, foreign currency fluctuations against the U.S. Dollar affect our results both positively and negatively, which may cause results to fluctuate. Furthermore, some foreign markets where we and our partners operate may be more adversely affected by economic conditions than the United States. For example, certain European countries have recently experienced significant economic downturns and related political turmoil and our operations in those regions could be significantly impacted by, among other things, reduced sales of our retail products and sharp foreign exchange movements. We also may incur substantial costs as a result of changes in the existing economic or political environment in the regions where we do business, including the imposition of new restrictions. In addition, acts of terrorism or other hostilities, or other financial, political, economic or other uncertainties, could lead to a reduction in revenue or loss of investment, which could adversely affect our business, financial condition or results of operations.

We Face Continually Evolving Cybersecurity and Similar Risks, Which Could Result in the Disclosure of Confidential Information, Disruption of Our Programming and Motion Picture Services, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses

Our online, mobile and app offerings, as well as our internal systems, involve the storage and transmission of our and our users proprietary information, and we and our partners rely on various technology systems in connection with the production and distribution of our programming and motion pictures. Although we monitor our security measures regularly, they may be breached due to employee error, computer malware, viruses, hacking and phishing attacks, or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive or confidential information in order to gain access to our data or our users data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in a loss of our or our users proprietary information, a disruption of our services or a reduction of the revenues we are able to generate from such services, damage to our brands and reputation, a loss of confidence in the security of our offerings and services, and significant legal and financial exposure, each of which could potentially have an adverse effect on our business.

The Failure, Destruction and/or Breach of Satellites and Facilities that We Depend Upon to Distribute Our Programming Could Adversely Affect Our Business and Results of Operations

We use satellite systems to transmit our program services to cable television operators and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks. Notwithstanding certain back-up and redundant systems, transmissions may be disrupted as a result of local events, such as extreme weather, that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, we may not be able to secure alternate distribution facilities in a timely manner. Failure to do so could have a material adverse effect on our business and results of operations. There can be no assurance that such failure or breach would not have an adverse effect on our financial condition.

Our Obligations Related to Guarantees, Litigation and Joint Ventures Could Adversely Impact Our Financial Condition

We have both recorded and potential liabilities and costs related to discontinued operations and former businesses, including, among other things, potential liabilities to landlords if Famous Players Inc. defaults on certain theater leases. We have also made certain investments in joint ventures and have future funding obligations, which may not be recouped until well after our initial investment, if at all. We are also involved in pending and threatened legal proceedings from time to time, the outcome of which is inherently uncertain and difficult to predict. It is uncertain at what point any of these or new liabilities may affect us, and there can be no assurance that our reserves are sufficient to cover these liabilities in their entirety or any one of these liabilities when it becomes due. Therefore, there can be no assurance that these liabilities will not have an adverse effect on our financial condition.

Through NAI s Voting Control of Viacom and CBS Corporation, Certain Members of Management, Directors and Stockholders May Face Actual or Potential Conflicts of Interest, and NAI is in a Position to Control Actions that Require Stockholder Approval

Mr. Redstone, the controlling stockholder, Chairman and Chief Executive Officer of NAI, serves as our Executive Chairman and Founder. Shari Redstone, Mr. Redstone s daughter, is the President and a director of

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NAI and serves as the non-executive Vice Chair of our Board of Directors. Philippe Dauman, our President and Chief Executive Officer, is a director of NAI, and George Abrams, one of our directors, is a director of NAI. NAI also controls CBS Corporation, with Mr. Redstone serving as its Executive Chairman and Founder and Ms. Redstone serving as its non-executive Vice Chair. Frederic Salerno, one of our directors, is also a director of CBS Corporation.

The NAI ownership structure and the common directors could create, or appear to create, potential conflicts of interest when the management, directors and controlling stockholder of the commonly controlled entities face decisions that could have different implications for each entity. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between us and CBS Corporation. Potential conflicts of interest, or the appearance thereof, could also arise when we and CBS Corporation enter into any commercial arrangements with each other, despite review by our directors not affiliated with CBS Corporation. Our certificate of incorporation and the CBS Corporation certificate of incorporation both contain provisions related to corporate opportunities that may be of interest to us and to CBS Corporation, and these provisions create the possibility that a corporate opportunity of one company may be used for the benefit of the other company.

In addition, NAI s voting control of us allows it to control the outcome of corporate actions that require stockholder approval, including the election of directors and transactions involving a change in control. For so long as NAI retains voting control of us, our stockholders other than NAI will be unable to affect the outcome of our corporate actions. The interests of NAI may not be the same as the interests of our other stockholders, who must rely on our independent directors to represent their interests.

We, NAI and CBS Corporation, and our Respective Businesses, Are Attributable to Each Other for Certain Regulatory Purposes Which May Limit Business Opportunities or Impose Additional Costs

So long as we, NAI and CBS Corporation are under common control, each company s businesses, as well as the businesses of any other commonly controlled company, may be attributable to the other companies for purposes of U.S. and non-U.S. antitrust rules and regulations, certain rules and regulations of the FCC, certain rules under the Employee Retirement Income Security Act of 1974 and certain rules regarding political campaign contributions in the United States, among others. The businesses of each company may continue to be attributable to the other companies for FCC purposes even after the companies cease to be commonly controlled, if the companies share common officers, directors, or attributable stockholders. As a result, the businesses and conduct of any of these other companies may have the effect of limiting the activities or strategic business alternatives available to us, including limitations to which we contractually agreed in connection with our separation from CBS Corporation, or may impose additional costs on us.

Item 1B. ***Unresolved Staff Comments.***

Not applicable.

Item 2. ***Properties.***

In addition to the properties described below, we own and lease office, studio, production and warehouse space and broadcast, antenna and satellite transmission facilities throughout the United States and around the world for our businesses. We consider our properties adequate for our present needs.

Viacom

Our world headquarters is located at 1515 Broadway, New York, New York, where we lease approximately 1.4 million square feet for executive, administrative and business offices for the Company and certain of our operating divisions. The lease runs through June 2031, with two renewal options based on market rates at the time of renewal for ten years each thereafter.

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Viacom Media Networks

In addition to occupying space at 1515 Broadway in New York, we lease the following major office facilities: (a) approximately 400,000 square feet at 345 Hudson Street, New York, New York, through 2022, (b) approximately 175,000 square feet at two facilities in Santa Monica, California, under leases that expire between 2016 and 2017 and (c) approximately 278,000 square feet at 1540 Broadway, New York, New York, through 2021. Viacom Media Networks Network Operations Center in Hauppauge, New York contains approximately 65,000 square feet of floor space on approximately 9 acres of land, and its Global Business Services Center in Franklin, Tennessee contains approximately 23,000 square feet of office space under a lease that expires in 2017.

The Nickelodeon Animation Studio in Burbank, California contains approximately 140,000 square feet of studio and office space, under leases that expire between 2014 and 2018.

CMT s headquarters in Nashville, Tennessee occupies approximately 86,000 square feet of space for its executive, administrative and business offices and its studios, under leases expiring in 2020.

BET s headquarters at One BET Plaza in Washington, D.C. contains approximately 192,000 square feet of office and studio space, the majority of which is leased pursuant to ground leases through 2014 (with three 15-year renewal options) and the balance of which is owned.

Internationally, Viacom Media Networks (i) leases approximately 84,000 square feet of space in Berlin through a lease expiring in 2017 and (ii) occupies approximately 115,000 square feet of space at its owned and leased Hawley Crescent facilities in London.

Paramount

Paramount owns the Paramount Pictures Studio situated at 5555 Melrose Avenue, Los Angeles, California, located on approximately 62 acres of land, and containing approximately 1.85 million square feet of floor space used for executive, administrative and business offices, sound stages, production facilities, theatres, equipment facilities and other ancillary uses. Paramount has embarked on a planned 25-year expansion and revitalization project for its studio.

Paramount Pictures International has offices in Chiswick, West London, where it leases approximately 45,000 square feet of space used for executive, administrative and business offices and a viewing cinema through 2017.

Item 3. ***Legal Proceedings.***

Litigation is inherently uncertain and always difficult to predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the legal matters described below and other litigation to which we are a party are not likely, in the aggregate, to have a material adverse effect on our results of continuing operations, financial position or operating cash flows.

In March 2007, we filed a complaint in the United States District Court for the Southern District of New York against Google Inc. (Google) and its wholly-owned subsidiary YouTube, alleging that Google and YouTube violated and continue to violate our copyrights. We are seeking both damages and injunctive relief. In March 2010, we and Google filed motions for summary judgment, and in June 2010, Google s motion was granted. In April 2012, the U.S. Court of Appeals for the Second Circuit vacated the District Court s decision and remanded the case to the District Court for further proceedings. In December 2012, Google renewed its motion for summary judgment. In April 2013, the District Court granted Google s renewed motion for summary judgment. We have appealed the District Court s decision back to the Second Circuit where briefing, including the submission of *amicus* briefs, is underway.

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Our 2006 acquisition agreement with Harmonix Music Systems, Inc. (Harmonix), a developer of music-based games, including the *Rock Band* franchise, provided that to the extent financial results exceeded specific contractual targets against a defined gross profit metric for the calendar years 2007 and 2008, former Harmonix shareholders would be eligible for incremental earn-out payments. In 2008, we paid $150 million, subject to adjustment, under this earn-out agreement. A private dispute resolution process was commenced as provided in the acquisition agreement to determine the final amount of the earn-out. In December 2011, the resolution accountants in the private dispute resolution process concluded that we owed an additional $383 million under the agreement, as compared to the additional $700 million sought by the former shareholders. In the same month, we commenced a lawsuit in the Delaware Court of Chancery to vacate the determination of the resolution accountants on the grounds that they improperly failed to consider arguments and evidence put before them, and we recorded a reserve of $383 million in the quarter ended December 31, 2011. We paid $84 million of this amount plus accrued interest of $3 million in the quarter ended June 30, 2012. In August 2012, the former shareholders motion for summary judgment affirming the decision of the resolution accountants was granted. In September 2012, we appealed the decision of the Chancery Court to the Delaware Supreme Court. On July 16, 2013, the Delaware Supreme Court affirmed the decision of the Chancery Court, and on August 6, 2013, we paid the shareholder representative approximately $327 million, which included interest and was fully reserved, in full satisfaction of the judgment.

In addition, in December 2010, the shareholder representative filed a lawsuit in the Delaware Court of Chancery seeking the release of approximately $13 million that was being held in escrow to secure the former shareholders indemnification obligations to us under the acquisition agreement. In May 2011, we filed a motion to dismiss a portion of the shareholder representative s lawsuit that related to certain other claims as meritless, and in November 2011, the court dismissed those claims. In December 2012, the Delaware Chancery Court granted the shareholder representative s motion for summary judgment on our indemnification claims. On October 7, 2013, the Delaware Supreme Court affirmed the decisions of the Chancery Court.

In February 2013, Cablevision Systems Corporation filed a lawsuit in the United States District Court for the Southern District of New York alleging that Viacom s industry standard practice of offering discounts for additional network distribution constituted a tying arrangement in violation of federal and New York state antitrust laws. Similar arrangements have been upheld by numerous federal and state courts, and Cablevision itself has advocated for the legality of such arrangements as a party in a recent federal case. We believe the lawsuit is without merit and filed a motion to dismiss on May 8, 2013. On July 12, 2013, Cablevision filed an amended complaint, and on August 23, Viacom once again moved to dismiss the action. Briefing on the motion is underway; in the meantime, discovery in the action has been stayed.

In August 2012, a complaint was filed in the United States District Court for the District of Delaware by a Viacom Class B stockholder against us and each member of our Board of Directors. The complaint purported to be a derivative action alleging that, between 2008 and 2011, we violated the terms of our 2007 Senior Executive Short-Term Incentive Plan (the 2007 Plan) by allegedly using improper subjective criteria to determine the bonuses paid to Messrs. Redstone, Dauman and Dooley in each of those years, which according to the complaint, constituted a breach of fiduciary duty by the members of the Board of Directors. The plaintiff alleged that during this period Messrs. Redstone, Dauman and Dooley were paid more than the 2007 Plan permitted and the plaintiff sought to recover the amount of the overpayment, plus interest, for the Company. The plaintiff also alleged that adoption of the Viacom 2012 Senior Executive Short-Term Incentive Plan (the 2012 Plan) required the vote of all Viacom stockholders and not simply holders of our voting Class A common stock. Accordingly, the plaintiff sought to enjoin any overpayment under the 2012 Plan until a new vote on that plan that included Class B stockholders occurred. The District Court granted our motion to dismiss the complaint on July 16, 2013. On July 31, 2013, the plaintiff filed a notice of appeal to the United States Court of Appeals for the Third Circuit, and briefing on the appeal is now underway.

In 2006, Paramount and DreamWorks L.L.C. (now known as DW Studios L.L.C.) entered into a Multi-Picture Investment Agreement with Melrose Investors 2 LLC (Melrose 2) in connection with the financing of a slate of

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up to thirty motion pictures distributed by Paramount. In late November 2011, the Melrose 2 investors filed a lawsuit in California state court against Paramount and DW Studios asserting a variety of claims in relation to Paramount s accounting to the investors. The investors filed an amended complaint in October 2012. In early January 2013, the parties settled the dispute and Paramount re-acquired all of the Melrose 2 investors remaining interests in the film slate.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

OUR EXECUTIVE OFFICERS

The following table sets forth the name, age and position of each person who serves as a Viacom executive officer.

Name	Age	Position
Sumner M. Redstone	90	Executive Chairman of the Board and Founder
Philippe P. Dauman	59	President and Chief Executive Officer; Director
Wade Davis	40	Executive Vice President, Chief Financial Officer
Thomas E. Dooley	57	Senior Executive Vice President and Chief Operating Officer; Director
Carl D. Folta	56	Executive Vice President, Corporate Communications
Michael D. Fricklas	53	Executive Vice President, General Counsel and Secretary
Katherine Gill-Charest	49	Senior Vice President, Controller
DeDe Lea	48	Executive Vice President, Government Relations
Scott Mills	45	Executive Vice President, Human Resources and Administration

Information about each of our executive officers is set forth below.

Sumner M. Redstone

Mr. Redstone has been our Executive Chairman of the Board of Directors and Founder since January 1, 2006. He has also served as Executive Chairman and Founder of CBS Corporation since January 1, 2006. He was Chairman of the Board of former Viacom Inc. (Former Viacom), which is now known as CBS Corporation, beginning in 1987 and Chief Executive Officer of Former Viacom from 1996 to 2005. He has been Chairman of the Board of National Amusements, Inc., our controlling stockholder, since 1986, its Chief Executive Officer since 1967 and also served as its President from 1967 through 1999. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Executive Committee. He has been a frequent lecturer at universities, including Harvard Law School, Boston University Law School and Brandeis University. Mr. Redstone graduated from Harvard University in 1944 and received an LL.B. from Harvard University School of Law in 1947. Upon graduation, he served as law secretary with the U.S. Court of Appeals and then as a special assistant to the U.S. Attorney General. Mr. Redstone served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan s high-level military and diplomatic codes. Mr. Redstone received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution and devotion to duty, and the Army Commendation Award.

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Philippe P. Dauman	Mr. Dauman has been our President and Chief Executive Officer since September 2006 and a member of our Board of Directors since January 1, 2006, having previously served as a director of Former Viacom since 1987. Mr. Dauman was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm specializing in media and telecommunications investments that he co-founded with Mr. Dooley, from May 2000 until September 2006. Prior to that, Mr. Dauman held several positions at Former Viacom, which he first joined in 1993, including Deputy Chairman and member of its Executive Committee. Mr. Dauman is also a director of National Amusements, Inc. and has served as a director of Lafarge S.A. since 2007.
Wade Davis	Mr. Davis has been our Executive Vice President, Chief Financial Officer since November 27, 2012. Prior to that, he served as Executive Vice President, Strategy and Corporate Development beginning in August 2009, as Senior Vice President, Mergers & Acquisitions and Strategic Planning from January 2007 to August 2009 and as Senior Vice President of Mergers & Acquisitions beginning January 1, 2006. Prior to joining Viacom, Mr. Davis was an investment banker in the technology and media sectors for more than a decade.
Thomas E. Dooley	Mr. Dooley has been our Senior Executive Vice President since September 2006, our Chief Operating Officer since May 2010 and a member of our Board of Directors since January 1, 2006. He served as our Chief Administrative Officer from September 2006 to May 2010 and as our Chief Financial Officer from January 2007 to September 2010. Mr. Dooley was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm specializing in media and telecommunications investments that he co-founded with Mr. Dauman, from May 2000 until September 2006. Before that, Mr. Dooley held various corporate and divisional positions at Former Viacom, which he first joined in 1980, including Deputy Chairman and member of its Executive Committee. Mr. Dooley served as a director of Sapphire Industrials Corp. from 2007 to 2010.
Carl D. Folta	Mr. Folta has been our Executive Vice President, Corporate Communications since November 2006. Prior to that, he served as Executive Vice President, Office of the Chairman beginning January 1, 2006. He has served in senior communications positions with the Company since April 1994 and was appointed Executive Vice President, Corporate Relations, of Former Viacom in November 2004. Mr. Folta held various communications positions at Paramount Communications Inc., a predecessor, from 1984 to 1994.
Michael D. Fricklas	Mr. Fricklas has been our Executive Vice President, General Counsel and Secretary since January 1, 2006. Prior to that, he was Executive Vice President, General Counsel and Secretary of Former Viacom beginning in May 2000 and Senior Vice President, General Counsel and Secretary from October 1998 to May 2000. He first joined Former Viacom in July 1993, serving as Vice President and Deputy General Counsel and assuming the title of Senior Vice President in July 1994.

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Katherine Gill-Charest	Ms. Gill-Charest has been our Senior Vice President, Controller and Chief Accounting Officer since October 1, 2010. Prior to that, she was Senior Vice President, Deputy Controller beginning in April 2010 and Vice President, Deputy Controller from May 2007 to April 2010. Prior to joining Viacom, Ms. Gill-Charest served as Chief Accounting Officer of WPP Group USA from November 2005 to May 2007 and as its Vice President, Group Reporting from February 2001 to November 2005.
DeDe Lea	Ms. Lea has been our Executive Vice President, Government Relations since January 1, 2006. Previously, she was Senior Vice President, Government Relations of Former Viacom beginning in September 2005. Prior to that, she served as Vice President of Government Affairs at Belo Corp. from 2004 to 2005 and as Vice President, Government Affairs of Former Viacom from 1997 to 2004.
Scott Mills	Mr. Mills has been our Executive Vice President, Human Resources and Administration since October 1, 2012. Previously, he was President and Chief Operating Officer of BET Networks beginning in July 2007. Prior to that, he served as President of Digital Media for BET Networks from August 2006 to July 2007 and as Chief Financial Officer of BET Networks beginning in 2003. He first joined BET Networks in 1997, serving as Senior Vice President of Strategy & Business Development, and served as Executive Vice President and Chief Operating Officer of BET Interactive from 1999 to 2003.

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PART II